

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of SE Forge Limited Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of SE Forge Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The other information comprise of the Directors' report (but does not include the financial statements and our auditors' report thereon) which we obtained prior to the date of this auditors' report.

- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of cash flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

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- d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided for managerial remuneration to its directors during the year and hence, the provisions of section 197 of the Act are not applicable to the Company.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar  
(Partner)  
(Membership No. 106388)  
(UDIN: 22106388AJTCCI9624)

Place: Pune  
Date: 25 May 2022

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of SE Forge Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Jayesh Parmar  
(Partner)  
(Membership No. 106388)  
(UDIN: 22106388AJTCCI9624)

Place: Pune  
Date: 25 May 2022

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

i. Property, Plant and Equipment and Intangible Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress, intangible assets and relevant details of right-of-use assets.
- b) Some of the Property, Plant and Equipment, capital work-in-progress, and right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, capital work-in-progress, and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment, capital work-in progress are held in the name of the Company as at the balance sheet date.
- d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. Inventory:

- a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.



- b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.
- iii. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- iv. The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. Statutory Dues:
- a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities in all cases during the year. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- b) Details of dues of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022, on account of disputes are given below:

Name of statute	Nature of dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Central Sales Tax Act, 1956	Central Sales Tax	0.24	2011-12	Gujarat Value Added Tax Tribunal	-
Gujarat Value Added Tax Act, 2003	Gujarat Value Added Tax	0.59	2011-12	Gujarat Value Added Tax Tribunal	-

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. Borrowings:

- a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- f) The Company has not raised any loans during the year and hence reporting on clause (ix)(f) of the Order is not applicable.

x. Issue of Securities:

- a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

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- b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

xi. Fraud:

- a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. Internal Audit:

- a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto July 2021.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group does not have any Core Investment Company as part of the group as at 31 March 2022 and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

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**Deloitte  
Haskins & Sells LLP**

- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Jayesh Parmar  
(Partner)  
(Membership No. 106388)  
(UDIN: 22106388AJTCCI9624)

Place: Pune  
Date: 25 May 2022

**SE Forge Limited**  
**Balance sheet as at March 31, 2022**  
(All amounts in Crores unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	325.30	366.87
Capital work - in - progress		0.41	0.67
Intangible assets	6	0.42	0.92
Right-of-use asset	6	54.38	57.03
<b>Financial assets</b>			
Other financial assets	10	11.25	9.34
Deferred tax assets (net)	11	-	-
Other non - current assets	12	1.76	2.18
<b>Total non current assets</b>		<b>393.52</b>	<b>437.01</b>
<b>Current Assets</b>			
Inventories	7	82.01	99.87
<b>Financial Assets</b>			
Trade receivables	8	72.34	72.78
Cash and cash equivalents	9	0.00	0.01
Bank Balance other than cash and cash equivalents		-	-
Other financial assets	13	0.49	0.45
<b>Current tax assets</b>		<b>0.41</b>	<b>0.09</b>
Other current assets	14	3.45	4.10
<b>Total current assets</b>		<b>158.70</b>	<b>177.30</b>
<b>Total assets</b>		<b>552.22</b>	<b>614.31</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	15	784.92	784.92
Other equity	16	(570.07)	(580.20)
<b>Total equity</b>		<b>214.85</b>	<b>204.72</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	21.65	125.68
Provisions	18	1.28	1.12
Contract liabilities	19	46.43	46.43
<b>Total non current liabilities</b>		<b>69.36</b>	<b>173.23</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	20	153.06	127.35
Trade payables	22		
Outstanding dues of Micro Small and Medium Enterprises		14.91	10.93
Outstanding dues other than of Micro Small and Medium Enterprises		78.62	76.07
Other financial liabilities	23	3.92	4.76
Provisions	21	2.09	2.24
Other current liabilities	24	0.66	0.56
Contract liabilities	25	14.75	14.45
<b>Total current liabilities</b>		<b>268.01</b>	<b>236.36</b>
<b>Total liabilities</b>		<b>337.37</b>	<b>409.59</b>
<b>Total equity and liabilities</b>		<b>552.22</b>	<b>614.31</b>
Summary of significant accounting policies.	4	(0.00)	

The accompanying notes are an integral part of the financial statements.

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Jayesh Parmar  
Partner  
Place: Pune

Date: May 25, 2022




For and on behalf of Board of Directors of  
SE Forge Limited

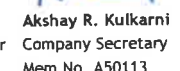
  
Vinod R. Tanti  
Chairman

DIN - 00002266  
Place: Pune  
Date: May 24, 2022

  
Sunil Gupta  
Chief Executive Officer

Place: Pune  
Date: May 24, 2022

  
Jayesh I. Gandhi  
Dy. Chief Financial Officer  
Mem No. 104802  
Place: Pune  
Date: May 24, 2022

  
Akshay R. Kulkarni  
Company Secretary  
Mem No. A50113  
Place: Pune  
Date: May 24, 2022




**SE Forge Limited**  
**Statement of Profit and Loss for the period ended March 31, 2022**  
(All amounts in crores unless otherwise stated)

Particulars	Notes	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Income</b>			
Revenue from operations	25	476.71	334.31
Other income	26	4.87	1.06
<b>Total income</b>		<b>481.58</b>	<b>335.37</b>
<b>Expenses</b>			
Cost of raw materials consumed	27	239.14	153.48
Changes in inventories of finished goods and work-in-progress	28	16.44	(5.36)
Employee benefits expense	29	24.83	25.46
Depreciation and amortisation expense	30	45.99	46.36
Finance costs	31	25.88	33.94
Other expenses	32	119.59	100.35
<b>Total expenses</b>		<b>471.87</b>	<b>354.23</b>
<b>Profit/ (loss) before tax</b>		<b>9.71</b>	<b>(18.86)</b>
<b>Tax expense:</b>			
Current tax	33	-	-
Deferred tax	33	-	-
<b>Profit/ (loss) for the year</b>		<b>9.71</b>	<b>(18.86)</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss			
Re-measurement (gains)/losses on defined benefit plans	34	0.00	(0.07)
Income tax effect on the above		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>0.00</b>	<b>(0.07)</b>
<b>Total Comprehensive income for the year, net of tax</b>		<b>9.71</b>	<b>(18.79)</b>
<b>Earnings per share in rupees:</b>			
Basic & diluted	35	0.12	(0.24)
<b>Summary of significant accounting policies.</b>	4		

The accompanying notes are an integral part of the financial statements.

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants


  
**Jayesh Parmar**  
Partner  
Place: Pune  
Date: May 25, 2022



For and on behalf of Board of Directors of  
SE Forge Limited

  
**Vinod R. Tanti**  
Chairman  
DIN - 00002266  
Place: Pune  
Date: May 24, 2022

  
**Sunil Gupta**  
Chief Executive Officer  
Place: Pune  
Date: May 24, 2022

  
**Jayesh I. Gandhi**  
Dy. Chief Financial Officer  
Mem No. 104802  
Place: Pune  
Date: May 24, 2022

  
**Akshay R. Kulkarni**  
Company Secretary  
Mem No. A50113  
Place: Pune  
Date: May 24, 2022



**SE Forge Limited**  
**Statement of cash flows for the year ended March 31, 2022**  
(All amounts in crores unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	9.71	(18.86)
<b>Adjustments for</b>		
Depreciation and amortisation expenses	45.99	46.36
Impairment of non-financial assets	-	-
(Gain) / loss on disposal of property, plant and equipment	0.14	-
Unrealised exchange (gain) / loss	(0.02)	(0.44)
Sundry credit balances and provisions written back	(0.26)	(0.37)
Allowance for doubtful advances	-	-
Finance cost	22.77	31.42
Finance income	(0.48)	(0.35)
<b>Operating profit / (loss) before working capital changes</b>	<b>77.85</b>	<b>57.76</b>
<b>Movements in working capital</b>		
Movements in retirement provisions	(0.00)	(0.02)
Increase/(decrease) in other financial liabilities	-	(9.15)
Increase/(decrease) in other current financial liabilities	-	-
Increase/(decrease) in other current liabilities	0.40	12.78
(Increase)/decrease in trade receivables	0.40	(7.82)
(Increase)/decrease in inventories	17.86	(7.05)
(Increase)/decrease in other non-current assets	0.05	0.04
(Increase)/decrease in other financial assets non-current	(1.92)	(3.46)
Increase/(decrease) in trade payables	6.85	(5.62)
(Increase)/decrease in other current financial assets	-	0.03
(Increase)/decrease in other current assets	0.65	(0.21)
Cash generated from operations	102.14	37.28
Income tax paid	(0.32)	0.34
<b>Net cash flows from operating activities (A)</b>	<b>101.82</b>	<b>37.62</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	0.00	-
Purchase of property, plant and equipment	(1.92)	(1.49)
Investments in bank deposits (having original maturity of more than three months)	-	-
Interest received finance income	0.44	0.36
<b>Net cash flows used in investing activities (B)</b>	<b>(1.48)</b>	<b>(1.13)</b>



**SE Forge Limited**  
**Statement of cash flows for the year ended March 31, 2022**  
(All amounts in crores unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year ended March 31, 2021
<b>Cash flows from financing activities</b>		
Interest paid	(22.82)	(34.97)
Proceeds from borrowings	-	-
Repayment of borrowings	(61.80)	(30.80)
Movement in short - term borrowings (net)	(15.74)	29.27
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(100.36)</b>	<b>(36.50)</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>	<b>(0.01)</b>	<b>(0.02)</b>
<b>Cash and cash equivalents at the beginning of the year (Note 9 )</b>	<b>0.01</b>	<b>0.03</b>
<b>Cash and cash equivalents at the end of the year (Note 9 )</b>	<b>0.00</b>	<b>0.01</b>

**Notes:**

i) The figures in brackets represents outflows except (loss)/profit before tax.

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



**Jayesh Parmar**  
Partner  
Place: Pune

**Date: May 25<sup>th</sup>, 2022**



For and on behalf of Board of Directors of  
SE Forge Limited



**Vinod R. Tanti**  
Chairman  
DIN - 00002266  
Place: Pune  
Date: May 24, 2022



**Jayesh I. Gandhi**  
Dy. Chief Financial Officer  
Mem No. 104802  
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Chief Executive Officer

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Date: May 24, 2022



**Akshay R. Kulkarni**  
Company Secretary  
Mem No. A50113  
Place: Pune  
Date: May 24, 2022





SE Forge Limited

Statement of Changes in Equity for the period ended March 31, 2022

(All amounts in crores unless otherwise stated)

Particulars	Nos	Amount
a. Equity Share Capital		
Equity shares of INR 10 each issued, subscribed and fully paid	78.49	78.49
At April 01, 2021	-	-
Issue of share capital (Note 15)	78.49	78.49
At March 31, 2022	-	-
Issue of share capital		
At March 31, 2022	78.49	78.49

Particulars	Notes	Equity portion of guarantee commission payable to Parent Company (Note 16)	Reserves and surplus			Total - other equity
			Securities premium	Retained earnings	Sub - total	
b. Other Equity	16					
At April 01, 2020		2.74	452.93	(1,017.51)	(564.58)	(561.84)
(Loss) / Profit for the year		0.43	-	(18.79)	(18.79)	(18.79)
Guarantee commission accrued during the year		3.17	452.93	(1,036.30)	(583.37)	0.43
At March 31, 2021						(580.20)
At April 01, 2021		3.17	452.93	(1,036.30)	(583.37)	(580.20)
(Loss) / Profit for the year		0.42	-	9.71	9.71	9.71
Guarantee commission accrued during the year		3.59	452.93	(1,026.59)	(573.66)	0.42
At March 31, 2022						(570.07)

The accompanying notes are an integral part of the financial statements.

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

*Jayesh Parmar*  
Jayesh Parmar  
Partner

Place: Pune  
Date: May 25, 2022

For and on behalf of Board of Directors of

SE Forge Limited

*Vinod R. Tanti*  
Vinod R. Tanti  
Chairman

DIN - 00002266  
Place: Pune  
Date: May 24, 2022

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Place: Pune  
Date: May 24, 2022

*Akshay R. Kulkarni*  
Akshay R. Kulkarni  
Company Secretary

Mem No. A50113  
Place: Pune  
Date: May 24, 2022



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

### 1. Corporate Information

SE Forge Limited ("SE Forge" or the "the Company") is a public limited Company domiciled in India and it is a wholly owned subsidiary of Suzlon Energy Limited. The Company is engaged in the manufacture of forging rings and casting articles, required primarily for use in Wind Turbine Generators ('WTGs'). The Company has set up its manufacturing facilities as "Units in Notified Special Economic Zone ('SEZ') at Vadodara and Coimbatore, in the states of Gujarat and Tamil Nadu respectively. The Company has obtained approvals from the Development Commissioners for setting up the manufacturing facilities as "Units in the Notified SEZ" vide letter No KASEZ/P&C/6/57/07-08/4744 dated July 31, 2007 for Vadodara Unit and letter No. 8/1/2007-Suzlon Infra dated September 18, 2007 for Coimbatore Unit. The Company caters to both domestic and international markets. The Financial statements were authorised for issue in accordance with a resolution of the directors on May 24, 2022.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The financial statements from the year ended 31 March 2017 are prepared in accordance with Ind AS.

These financial statements have been prepared on an accrual basis and as per historical cost basis, except for the following assets and liabilities which have been measured at deemed cost:

- Land and buildings classified as property, plant and equipment,
- Software classified as intangible assets

### 3. Recent Accounting Developments

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the company's financial statements are not applicable as there were no standards issued but not effective at the time of adoption of the financials.

### 4.1 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### b. Foreign currencies

The Company's financial statements are presented in INR, which is the Company's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to continue with the policy of accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements prepared as per Indian GAAP for the year ended March 31, 2016. Accordingly, exchange differences arising on long-term foreign currency monetary items pertaining to acquisition of fixed assets (existing as at March 31, 2016) are adjusted to the cost of fixed assets and depreciated over the remaining life of the asset.

### c. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### d. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Since inception of GST regime, payment of integrated goods and service tax (IGST) is the responsibility of the customer and is not considered in part of the cost of production. Accordingly, it is excluded from revenue.

#### Sale of goods

Revenue from sale of goods is recognised in the statement of profit and loss when control in respect of ownership of goods have been transferred to the buyer as per the terms of the respective sales order and the Company neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, generally on delivery of the goods. Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of returns and allowances and discounts.

#### Payment terms:

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties,). In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration and consideration payable to the customer (if any).

#### i. Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

#### ii. Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

#### iii. Cost to obtain a contract

The Company pays sales commission for contracts obtained. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.





# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

### Income from services

Revenue from sale of services is recognised in the statement of profit and loss as and when the services are rendered.

### Contract balances

#### i. Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### ii. Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section o (Financial instruments – initial recognition and subsequent measurement).

#### iii. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

### Interest income

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss. Interest income is accrued on time basis by reference to the principal outstanding.

### Merchandise Export from India Scheme (MEIS)

Company receives an incentive for export sales under chapter 3 of Exim policy 2016-20 as a percentage of exports in terms of authorizations called MEIS which are freely transferable. The same are accounted on receipt of the authorizations.

### e. Taxes on income

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### f. Property, plant and equipment

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the



## SE Forge Limited

### Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

In accordance with IND AS 101 on provisions relating to first time adoption, the Company has opted to continue with the policy to adjust exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset (existing as at 31 March 2016) to the cost of the asset and depreciate the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

Depreciation is calculated based on the useful lives and residual values estimated by the management in accordance with Schedule II to the Companies Act, 2013. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. Leasehold land is amortised on a straight line basis over the period of lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The Company has considered the following useful lives to provide depreciation on its tangible assets:

Type of asset	Useful lives (years)
Factory Buildings	30
Plant and Machinery, patterns	2 – 25
Contribution for assets not owned by the Company	30
Computers	3
Office equipment	5
Furniture and fixtures	10
Vehicles	8 - 10

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

#### g. Intangible assets

The Company has elected to continue with the carrying value for all of its intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2015.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition





## SE Forge Limited

### Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

A summary of the policy applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Software	5 years	Amortised over the useful economic life of the software	Acquired

#### h. Borrowing costs

Borrowing cost primarily includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs, except to the extent it relates to long-term monetary items pertaining to acquisition of depreciable assets (existing as at 31 March 2016) as referred to in para f above.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### i. Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.





# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### j. Leases

#### Company as a lessee

The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases other than land and building are included in property, plant and equipment. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

### k. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials including stores & spares, consumables, packing material, semi-finished goods and components: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### m. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service

Retirement benefits in the form of gratuity is defined benefit obligations and is provided for on the basis of an actuarial valuation, using projected unit credit method as at each balance sheet date.





# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Short-term compensated absences are provided based on estimates. Long term compensated absences and other long-term employee benefits are provided for on the basis of an actuarial valuation, using projected unit credit method, as at each balance sheet date. The entire leave is presented as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### n. Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors. For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

### o. Financial instruments

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply following exceptions/exemptions prospectively from April 1, 2015.

- Classification and measurement of financial assets have been done based on facts and circumstances existed on transition date.
- De-recognition of financial assets and financial liabilities have been applied prospectively
- Applied the requirements of relating to accounting for difference between fair value of financial asset or financial liability from its transaction price of Ind AS 109 prospectively.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables

### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.





# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### Equity investments

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### De recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Company has transferred substantially all the risks and rewards of the asset, or
  - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

### Financial liabilities

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains / loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.





# SE Forge Limited

## Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **p. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **q. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resource embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The company does not recognise a contingent liability but discloses it as per Ind AS 37 in the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote.

## **4.2 Changes in accounting policies and disclosures**

### **New and amended standards**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/ notified.

### **Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 *Leases* including its appendices (Appendix C of Ind AS 17 *Determining whether an Arrangement contains a Lease*, Appendix A of Ind AS 17 *Operating Leases- Incentives* and Appendix B of Ind AS 17 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases". Application of this standard, does have any impact on the Company's financial statements.



## SE Forge Limited

### Notes to financial statements for the year ended March 31, 2022

All amounts in Rupees, unless otherwise stated

#### 5. Estimation of uncertainties relating to the global health pandemic from COVID-19:

- a) In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventory, receivables, and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic and impact of the same on future performance, the Company has used information from internal and external sources including likely impact on the industry. The Company based on the current estimates, expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. However, the Company believes that the difference should not be significant.
- b) The Company's ability to generate sufficient cash flows to meet its financial obligations in the foreseeable future could be impacted by the undetermined circumstances arising from the pandemic.





SE Forge Limited  
Notes to Financial Statements for the year ended March 31, 2022  
(All amounts in crores unless otherwise stated)

6 Property, plant and equipment

Particulars	Gross Block					Accumulated Depreciation			Net Block
	As at April 01, 2020	Additions	Disposals	Other Adjustment (Ref. Note e below)	As at March 31, 2021	As at April 01, 2020	Charge for the year	Disposals	As at March 31, 2021
Buildings	129.49	-	-	-	129.49	28.49	5.66	-	34.15
Plant and Machinery	511.64	1.79	-	1.76	515.19	207.42	37.20	-	244.62
Office Equipments	0.45	0.00	-	-	0.45	0.25	0.06	-	0.31
Furniture and fixtures	2.37	-	-	-	2.37	2.11	0.02	-	2.13
Computers	1.14	0.11	-	-	1.25	0.88	0.03	-	0.91
Vehicles	0.81	-	-	-	0.81	0.52	0.05	-	0.57
<b>Total</b>	<b>645.90</b>	<b>1.90</b>	<b>-</b>	<b>1.76</b>	<b>649.56</b>	<b>239.67</b>	<b>43.02</b>	<b>-</b>	<b>282.69</b>

Particulars	Gross Block					Accumulated Depreciation			Net Block
	As at April 01, 2021	Additions	Disposals	Other Adjustment (Ref. Note e below)	As at March 31, 2022	As at April 01, 2021	Charge for the year	Disposals	As at March 31, 2022
Buildings	129.49	-	-	-	129.49	34.15	5.66	-	39.81
Plant and Machinery	515.19	1.76	2.26	(0.71)	513.98	244.62	36.77	2.12	279.27
Office Equipments	0.45	0.01	0.04	-	0.42	0.31	0.05	0.04	0.32
Furniture and fixtures	2.37	-	-	-	2.37	2.13	0.01	-	2.14
Computers	1.25	0.10	-	-	1.35	0.91	0.05	-	0.96
Vehicles	0.81	-	-	-	0.81	0.57	0.05	-	0.62
<b>Total</b>	<b>649.56</b>	<b>1.87</b>	<b>2.30</b>	<b>(0.71)</b>	<b>648.42</b>	<b>282.69</b>	<b>42.59</b>	<b>2.16</b>	<b>323.12</b>
									<b>325.30</b>

Intangible assets

Particulars	Gross Block					Accumulated Depreciation			Net Block
	As at April 01, 2020	Additions	Disposals	Other Adjustment	As at March 31, 2021	As at April 01, 2020	Charge for the year	Disposals	As at March 31, 2021
Software	3.55	0.01	-	-	3.56	1.94	0.70	-	2.64
<b>Total</b>	<b>3.55</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>3.56</b>	<b>1.94</b>	<b>0.70</b>	<b>-</b>	<b>2.64</b>



SE Forge Limited

Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

Particulars	Gross Block				Accumulated Depreciation			Net Block As at March 31, 2022
	As at April 01, 2021	Additions	Disposals	Other Adjustment	As at March 31, 2022	As at April 01, 2021	Charge for the year	As at March 31, 2022
Software	3.56	0.26	-	-	3.82	2.64	0.76	3.40
Total	3.56	0.26	-	-	3.82	2.64	0.76	0.42

Right of use Asset A/c

Particulars	Gross Block				Accumulated Depreciation			Net Block As at March 31, 2021
	As at April 01, 2020	Additions	Disposals	Other Adjustment	As at March 31, 2021	As at April 01, 2020	Charge for the year	As at March 31, 2021
Right of use	62.31	-	-	-	62.31	2.64	2.64	57.03
Total	62.31	-	-	-	62.31	2.64	2.64	57.03

Particulars	Gross Block				Accumulated Depreciation			Net Block As at March 31, 2022
	As at April 01, 2021	Additions	Disposals	Other Adjustment	As at March 31, 2022	As at April 01, 2021	Charge for the year	As at March 31, 2022
Right of use	62.31	-	-	-	62.31	5.28	2.65	54.38
Total	62.31	-	-	-	62.31	5.28	2.65	54.38

- For property, plant and equipment existing on April 01, 2015 i.e. its date of transition to Ind AS, the company had considered IGAAP carrying value as deemed cost.
- Plant and machinery includes contributions for assets not owned by the Company (infrastructure for utilities) with a gross block of Rs. 58.35 crores (March 31, 2021 : Rs. 58.35 crores) and accumulated depreciation of Rs. 33.26 crores (March 31, 2021: Rs. 31.93 crores)
- All the assets of the Company are constructed/installed/located on land held on leasehold basis.
- Property, plant and equipment are pledged as security ( Refer note 17 )
- Addition to plant and machinery includes foreign exchange gain debited of Rs 0.71 crores ( March 31, 2021: loss Rs.1.76 crores).
- As per IndAS 116 company has a leasehold land for a lease period upto 2042, the same is shown as Right of use Asset from 1st April 2019 for Rs. 62.31 crores and the same is depreciated over period of lease and depreciation as on March 31, 2022 is Rs. 7.93 crores (March 31, 2021: Rs. 5.28 crores)
- Company has a capital work in progress of Rs. 0.40 crores as on March 31 , 2022 (March 31,2021 : Rs.0.67 crores), all these are of leass than one year.



## SE Forge Limited

## Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

## 7 Inventories

	As at March 31, 2022	As at March 31, 2021
Raw materials ( includes goods in transit as per note below)	30.37	32.86
Work-in-progress	36.84	40.61
Finished goods	3.26	15.93
Stores and spares	11.54	10.47
<b>Total inventory at lower of cost and net realisable value</b>	<b>82.01</b>	<b>99.87</b>

Raw materials inventory includes goods in transit of Rs.2.52 crores (March 31, 2021 : Rs. 0.68 crores)

## 8 Trade receivables

	As at March 31, 2022	As at March 31, 2021
Trade receivables	47.58	67.93
Receivables from related parties (note 40)	24.76	4.85
	72.34	72.78
<b>Break-up of security details</b>		
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	72.34	72.78
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	72.34	72.78
<b>Outstandings for the following period from due date of payments</b>		
(i) Undisputed trade receivables - considered good		
Less than six months	71.83	70.34
Six months to one year	0.36	1.47
One year to two years	0.00	0.64
Two years to three years	0.02	-
More than three years	0.13	0.33
Total	72.34	72.78
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-
(ii) Undisputed trade receivables - credit impaired	-	-
(iv) Disputed trade receivables - considered good	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-
(vi) Disputed trade receivables - credit impaired	-	-
<b>Total trade receivables</b>	<b>72.34</b>	<b>72.78</b>

For terms and conditions relating to related party receivables (See note 40)

Trade receivables are disclosed at amortised cost.

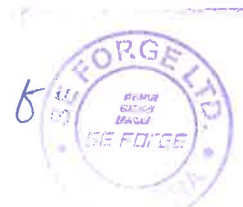
## 9 Cash and cash equivalents

	As at March 31, 2022	As at March 31, 2021
Balance with banks		
On current accounts	-	0.00
Other bank balances (refer note below)	-	-
Cash on hand	0.00	0.01
<b>Total</b>	<b>0.00</b>	<b>0.01</b>

## 10 Other financial assets - non current

	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good, unless stated otherwise)		
Non current bank balances - margin money deposits	10.01	8.11
Security deposits	1.24	1.23
<b>Total</b>	<b>11.25</b>	<b>9.34</b>

Margin money deposits includes deposits with a carrying amount of Rs.10.01 crores (March 31, 2021 : Rs. 8.11 crores) which are subject to first charge to secure the Company's cash credit loans.



**SE Forge Limited**
**Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

**11 Deferred tax assets (net)**

	As at March 31, 2022	As at March 31, 2021
Opening Deferred tax liability	40.69	39.81
Tax effect of depreciation constituting deferred tax liabilities	3.61	0.88
<b>Closing Deferred tax liabilities</b>	<b>44.30</b>	<b>40.69</b>
Opening Deferred tax assets	40.69	39.81
Tax effect of depreciation constituting deferred tax assets	3.61	0.88
<b>Closing Deferred tax assets</b>	<b>44.30</b>	<b>40.69</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>-</b>	<b>-</b>

Deferred tax assets on unabsorbed depreciation and accumulated losses as at March 31, 2022 have been recognized only to the extent of deferred tax liabilities on a prudent basis since reasonable certainty of taxable profits in the future years cannot be established.

**12 Other non-current assets**

	As at March 31, 2022	As at March 31, 2021
(unsecured, considered good, unless stated otherwise)		
Capital Advance considered good	0.72	1.09
Capital Advance considered doubtful	0.72	1.09
Less allowance for doubtful advances	0.72	1.09
Unamortised lease rent	1.04	1.09
Prepaid lease rent	-	-
<b>Total</b>	<b>1.76</b>	<b>2.18</b>

**13 Other current financial assets**

	As at March 31, 2022	As at March 31, 2021
(unsecured, considered good, unless stated otherwise)		
Security deposits	0.32	0.32
Interest accrued but not due	0.17	0.13
<b>Total</b>	<b>0.49</b>	<b>0.45</b>

**14 Other current assets**

	As at March 31, 2022	As at March 31, 2021
(unsecured, considered good, unless stated otherwise)		
Advance to suppliers	1.36	2.16
Prepaid expenses	1.15	1.08
Balances with statutory/government authorities	0.91	0.84
Others	0.03	0.02
<b>Total</b>	<b>3.45</b>	<b>4.10</b>

All the financial assets are disclosed at amortised cost





SE Forge Limited  
Notes to Financial Statements for the year ended March 31, 2022  
(All amounts in crores unless otherwise stated)

15 Share capital

	As at March 31, 2022	As at March 31, 2021
<b>Authorised:</b>		
95,00,00,000 (March 31, 2021 : 95,00,00,000) equity shares of Rs. 10 each	950.00	950.00
	950.00	950.00
<b>Issued, subscribed and fully paid up:</b>		
78,49,70,791 (March 31, 2021 : 78,49,70,791) equity shares of Rs. 10 each	784.92	784.92
Increase/(decrease) during the year	-	-
<b>Total</b>	<b>784.92</b>	<b>784.92</b>

	Numbers	Numbers
<b>Issued Share Capital:</b>		
At April 01, 2021	78.49	78.49
Increase/(decrease) during the year	-	-
At March 31, 2022	78.49	78.49
Increase/(decrease) during the year	-	-
<b>At March 31, 2022</b>	<b>78.49</b>	<b>78.49</b>

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays the dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(b) Shares held by holding company

All the equity shares are held by the holding company, Suzlon Energy Limited, along with its nominees, and as such separate disclosure of shares held by holding Company and shareholders holding 5% or more shares has not been given.

(c) Bonus shares

The Company has not issued any bonus shares / shares for consideration other than cash / has not bought back shares during the period of five years immediately preceding the reporting date.

(d) Shares issued under option

There are no shares reserved for issue under options.

16 Other equity

	As at March 31, 2022	As at March 31, 2021
<b>Equity portion of guarantee commission payable to Parent Company</b>		
Opening Balance	3.17	2.74
Add: Additions during the year *	0.42	0.43
Closing balance	3.59	3.17
<b>Reserves and surplus</b>		
<b>Securities premium</b>		
Opening Balance	452.93	452.93
Add: Additions during the year	-	-
Closing balance	452.93	452.93
<b>Deficit in the statement of profit and loss</b>		
Opening Balance	(1,036.30)	(1,017.51)
Add: Profit/ (loss) for the year	9.71	(18.79)
Closing balance	(1,026.59)	(1,036.30)
<b>Total</b>	<b>(570.07)</b>	<b>(580.20)</b>

\* This comprises of guarantee commission expenses of Rs. 0.42 crores ( for the year ended March 31, 2021: Rs. 0.43 crores) against corporate guarantee given by holding company towards External Commercial Borrowing loan.



17 Borrowings

	As at March 31, 2022	As at March 31, 2021
<b>Secured</b>		
<b>Term loan</b>		
Indian rupee loan from banks (see note i below)	91.50	145.47
Foreign currency loan from banks	-	-
	91.50	145.47
<b>Unsecured</b>		
Foreign currency loan from banks (see note ii below)	33.40	42.01
<b>Total</b>	<b>124.90</b>	<b>187.48</b>

<b>Less: Current portion of long term loans (transferred to other financial liabilities) (refer note 23)</b>		
<b>Secured</b>		
<b>Term loan</b>		
Indian rupee loan from banks (see note i below)	91.50	53.96
Foreign currency loan from banks	-	-
	91.50	53.96
<b>Unsecured</b>		
Foreign currency loan from banks (see note ii below)	11.75	7.83
<b>Total</b>	<b>103.25</b>	<b>61.79</b>

<b>Non-current portion of term loans</b>		
<b>Secured</b>		
<b>Term loan</b>		
Indian rupee loan from banks (see note i below)	-	91.51
Foreign currency loan from banks	-	-
	-	91.51
<b>Unsecured</b>		
Foreign currency loan from banks (see note ii below)	21.65	34.17
<b>Total non current borrowings</b>	<b>21.65</b>	<b>125.68</b>

i) Indian rupee term loan from banks comprises term loan (RTL) taken from banks of Rs. 91.50 crores (March 31, 2021: Rs. 145.47 crores) carrying interest rate of 13.30 to 15.60 per cent per annum. RTL is repayable in 32 structured quarterly instalments from quarter ended December 2014 to September 2022, now further extended by two quarters due to Covid 19 pandemics to March 2023. In addition to above, Indian banks have sanctioned a term loan / Covid loan of Rs. 61 crores @ rate of interest of 8 % to 8.25 % p.a. and these are repayable in 48 equal monthly instalments from April 24 i.e. after moratorium period of two years from availment.

Financial facilities from all lenders and fund based working capital facilities and non fund based working capital facilities are secured by pari passu charge on all movable assets (both fixed and current assets) and immovable assets of the Company. The said financial facilities are also secured by personal guarantee of one of the directors of the Company and managing director of the holding company of the Company.

ii) Unsecured foreign currency term loan includes term loans from Landes Bank for purchase of plant equipment of Rs. 33.40 crores (March 31, 2021: Rs. 42.01 crores ) carrying nil rate of interest (waived due to pandemic since January 2021), repayable in 32 structured quarterly instalments from December 2014. These loans have been rescheduled from July 01, 2020 and extended by three quarters and again extended by two quarter till December 2023 and further extended by two quarters till June 24. These loans are supported by corporate guarantee given by the holding company, Suzlon Energy Limited.

**Loan covenants:** Bank loans contain certain routine debt covenants like submission of stock statements and audited financials etc. The Company has satisfied these debt covenants.

Borrowings are disclosed at amortised cost.



## SE Forge Limited

## Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

## 18 Provisions (non-current)

	As at March 31, 2022	As at March 31, 2021
Provision for gratuity (Refer note 37)	1.04	0.89
Provision for long term retention bonus	0.24	0.23
<b>Total</b>	<b>1.28</b>	<b>1.12</b>

## 19 Other non current liabilities

	As at March 31, 2022	As at March 31, 2021
Contract liabilities	46.43	46.43
<b>Total</b>	<b>46.43</b>	<b>46.43</b>

Contract liabilities amount represents an amount payable to Suzlon Energy Limited towards long term advance received from them towards business

## 20 Current borrowings

	As at March 31, 2022	As at March 31, 2021
<b>Working capital loans</b>		
<b>Secured borrowings</b>		
Current maturities of long term borrowings ( Refer note 17 )	103.25	61.80
Cash credit from banks	26.79	44.43
Buyer's credit from banks	-	-
	130.04	106.23
<b>Unsecured borrowings</b>		
Loans from related parties (refer note below)	23.02	21.12
<b>Total</b>	<b>153.06</b>	<b>127.35</b>

The rate of interest on working capital loans including export packing credit from banks is 4.50 to 15.55 per cent per annum. For details of security given and loan covenants for short term borrowings, refer note 17 above.

The short term borrowing from related parties carry an interest of 9 per cent per annum and are repayable on demand. These do not carry any debt covenants.

## 21 Provisions (Current)

	As at March 31, 2022	As at March 31, 2021
Provision for long term retention bonus	-	0.09
Provision for compensated absences	2.09	2.15
<b>Total</b>	<b>2.09</b>	<b>2.24</b>

## 22 Trade payables

	As at March 31, 2022	As at March 31, 2021
<b>Trade payables</b>		
Trade payables	76.12	70.57
Trade payable of Micro Small and Medium Enterprises	14.91	10.93
Trade payables to related parties	1.94	3.14
Trade payables for salaries and wages	0.56	2.36
<b>Total Trade payables</b>	<b>93.53</b>	<b>87.00</b>
<b>Outstanding for the following period from due date of payments</b>		
<b>(i) Trade Payables</b>		
Less than one year	77.72	73.04
One years to two years	0.08	0.89
Two years to three years	0.17	0.33
More than three years	0.11	0.35
<b>(ii) Trade payable of Micro Small and Medium Enterprises</b>		
Less than one year	14.84	10.91
One years to two years	0.03	0.03
Two years to three years	0.02	-
More than three years	0.01	-
<b>(iii) Disputed dues - MSME</b>		
(iii) Disputed dues - others - More than three years	0.55	1.45
<b>Total</b>	<b>93.53</b>	<b>87.00</b>

Trade payables are non-interest bearing and are normally settled as per purchase order terms and are disclosed at amortised cost.

Trade payables include acceptances of Rs. 36.37 crores (March 31, 2021 : Rs 36.47 crores).

Trade payable includes the MSME creditors as given in note 46.



**SE Forge Limited**
**Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

**23 Other financial liabilities**

	As at March 31, 2022	As at March 31, 2021
Current maturities of long term borrowings ( Refer note 17 )	-	-
Interest accrued on borrowings**	0.25	0.74
Payables for capital goods	2.27	2.62
Others*	1.40	1.40
<b>Total</b>	<b>3.92</b>	<b>4.76</b>

\* M/s. Mettur Structurals, Coimbatore had filed a suit against SE Forge Limited (SEFL/the Company) for disputed supplies before the council formed under The Micro Small and Medium Enterprises Act. The council passed an order in favour of M/s. Mettur Structurals for the principal amount along with interest. An appeal has been filed before the District Court by the Company and an interim stay has been obtained on the order passed by the council. The appeal is pending as of March 31, 2022. Company has made a provision of Rs. 1.40 Crores for the interest.

\*\* Interest payable is normally settled monthly throughout the financial year.

**24 Other current liabilities**

	As at March 31, 2022	As at March 31, 2021
Statutory dues payable	0.66	0.56
<b>Total</b>	<b>0.66</b>	<b>0.56</b>

All financial liabilities are disclosed at amortised cost.

**25 Revenue from operations**

	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Type of goods and services</b>		
Sales of Flanges, rings, hubs and main frames	446.73	312.44
Scrap sales	28.16	20.25
Sale of Merchandised Export from India Scheme Licenses	1.71	1.62
Sale of Services	0.11	-
<b>Total</b>	<b>476.71</b>	<b>334.31</b>
<b>Geography</b>		
India	391.51	191.83
Outside India	85.20	142.48
<b>Total</b>	<b>476.71</b>	<b>334.31</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point of time	476.71	334.31
Services transferred over time	-	-
<b>Total</b>	<b>476.71</b>	<b>334.31</b>
<b>Contract balances</b>		
Trade receivable ( refer note ii below)	72.34	72.78
Contract liabilities (refer note iii below)	14.75	14.45
<b>Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price</b>		
Revenue with the contracted price	476.71	334.31
Adjustments towards variable considerations	-	-
	<b>476.71</b>	<b>334.31</b>

**Performance obligation**

Information about the Company's performance obligations are summarised below:

The performance obligation is satisfied when the goods are delivered as per the contract terms. The payment is generally due from 30 to 150 days from the date of invoice.

- The Company is situated in Special Economic Zone and hence Integrated Goods and Service tax on domestic sale of products is payable by customer.
- Trade receivable are non-interest bearing and are generally on terms of 30 to 150 days.
- Contract liabilities include advances received to deliver goods





## SE Forge Limited

## Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

## 26 Other income

	Year Ended March 31, 2022	Year Ended March 31, 2021
Other non-operating income		
Interest income		
Bank deposits	0.48	0.32
Others	0.00	0.03
Sundry credit balances and provisions written back	0.27	0.37
Miscellaneous income	4.12	0.34
<b>Total</b>	<b>4.87</b>	<b>1.06</b>

## 27 Cost of raw materials consumed

	Year Ended March 31, 2022	Year Ended March 31, 2021
Raw materials consumed		
Inventories at the beginning of the year	32.86	32.33
Add: Purchases	236.65	154.01
	269.51	186.34
Less: Inventory at the end of the year	30.37	32.86
<b>Cost of raw material consumed</b>	<b>239.14</b>	<b>153.48</b>

## 28 Changes in inventories of finished goods and work-in-progress

	Year Ended March 31, 2022	Year Ended March 31, 2021
Inventories in hand at the end of the year		
Work - in - progress	36.84	40.61
Finished goods	3.26	15.93
	40.10	56.54
Inventories in hand at the beginning of the year		
Work - in - progress	40.61	38.74
Finished goods	15.93	12.44
	56.54	51.18
(Increase) / decrease in inventories		
Work - in - progress	3.77	(1.87)
Finished goods	12.67	(3.49)
<b>Total (increase) / decrease in inventories</b>	<b>16.44</b>	<b>(5.36)</b>

## Break up of inventory in hand at the end of the year:

Work - in - progress		
Foundry products	32.52	31.79
Forging products	4.32	8.82
	36.84	40.61
Finished goods		
Foundry products	0.72	1.25
Forging products	2.54	14.68
	3.26	15.93
<b>Total</b>	<b>40.10</b>	<b>56.54</b>



SE Forge Limited

Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

29 Employee benefits expense

	Year Ended March 31, 2022	Year Ended March 31, 2021
Salaries, wages and bonus	21.16	22.26
Contribution to provident and other fund (Refer note 37)	1.84	1.93
Staff welfare expense	1.83	1.27
<b>Total</b>	<b>24.83</b>	<b>25.46</b>

30 Depreciation and amortisation expense

	Year Ended March 31, 2022	Year Ended March 31, 2021
Depreciation on property, plant & equipment (note 6)	45.23	45.66
Amortisation of intangible assets (note 6)	0.76	0.70
<b>Total</b>	<b>45.99</b>	<b>46.36</b>
Impairment of non-financial assets (note 6)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

31 Finance cost

	Year Ended March 31, 2022	Year Ended March 31, 2021
Interest on debts and borrowings	22.72	30.39
Bank charges	3.11	2.52
Exchange differences regarded as an adjustment to borrowing cost	0.05	0.53
<b>Total</b>	<b>25.88</b>	<b>33.94</b>

32 Other expenses

	Year Ended March 31, 2022	Year Ended March 31, 2021
Consumption of stores and spares	32.41	24.79
Power and fuel	44.57	38.28
Other manufacturing expenses	6.57	8.21
Factory labour charges	15.39	11.49
Operating lease rentals *	0.09	0.13
Rates and taxes	0.34	0.40
Insurance	1.10	1.19
Repairs and maintenance		
Plant and machinery	6.16	3.04
Buildings	0.01	0.05
Others	0.16	0.11
Business promotion expenses	0.01	-
Freight outward	7.30	9.75
Travelling and conveyance	1.64	1.34
Communication expenses	0.11	0.11
Administrative cost	1.08	1.11
Legal and professional fees	0.93	0.50
Director's sitting fees	0.02	0.02
Payment to auditors (refer note below)	0.27	0.17
Exchange difference (net)	(0.14)	(1.93)
(Profit)/loss on sale of property, plant and equipment (net)	0.14	-
Allowance for doubtful advances	-	-
Advances written off	-	-
Miscellaneous expenses	1.43	1.59
<b>Total</b>	<b>119.59</b>	<b>100.35</b>

\* Rent comprises of rent paid for guest house.



## SE Forge Limited

## Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

Payment to auditors		
As auditors		
Audit fee	0.25	0.15
Tax audit fee	0.02	0.02
Reimbursement of expense	0.00	-
<b>Total</b>	<b>0.27</b>	<b>0.17</b>

## 33 Income Tax Expense

Income tax expense in the statement of profit and loss comprises :

	Year Ended March 31, 2022	Year Ended March 31, 2021
Current tax		
In respect of current period	-	-
Deferred tax		
In respect of current period	-	-
<b>Total income tax expense recognised</b>	<b>-</b>	<b>-</b>

The income tax expense for the year can be reconciled to the accounting profit as follows::

	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit / (loss) before income tax	9.71	(18.86)
Enacted tax rate	34.94%	34.94%
Income tax expense calculated (A)	-	-
Tax effect of adjustment to reconcile expected income tax expense to reported income tax expense		
Brought forward losses (B)	-	-
<b>Income tax expense recognised in profit or loss (A-B)</b>	<b>-</b>	<b>-</b>

The tax rate used for the above reconciliations are the rates as applicable for the respective periods payable by corporate entities in India on taxable profits under the India tax laws.

## 34 Components of Other Comprehensive Income (OCI)

	Year Ended March 31, 2022	Year Ended March 31, 2021
The disaggregation of changes to OCI in retained earnings is as follows:		
Remeasurement (gains)/losses on defined benefit plans	0.00	(0.07)
<b>Total</b>	<b>0.00</b>	<b>(0.07)</b>



**SE Forge Limited****Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

**35 Earning/loss per share (EPS)**

	Year Ended March 31, 2022	Year Ended March 31, 2021
Profit/(loss) for the year	9.71	(18.86)
Weighted average number of equity shares	78.49	78.49
Basic and diluted earnings/(loss) per share of Rs.10 each ( in rupees)	0.12	(0.24)

**36 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affecting in future periods.

**Judgements:**

In the process of applying the company's accounting policies, the management has made following adjustments, which have the most significant effect on the amounts recognised in the financial statements

**Estimates and assumptions:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumption when they occur. Actual results could differ from these estimates.

**Impairment of non financial assets:**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount which is higher of fair value less disposal cost and assets value in use. The fair value less disposal cost calculation is based on data available to the Company for similar asset or observable market prices less incremental cost of disposal. The value in use calculation is based on DCF model. The cash flows do not include restructuring activities or significant future adjustments that the company will carry out in future. The recoverable amount is sensitive to the discount rate used for DCF model as well as the expected future cash flows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for different CGUs or assets, including a sensitivity analysis, are disclosed and further explained in the accounting policies.

**Deferred tax :**

Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realised. The Company has determined that in the absence of reasonable certainty with respect to sufficient future taxable income, it can not recognise deferred tax asset.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Defined Benefits plans (gratuity benefits and other long term employee benefits):**

The cost of the defined benefit gratuity plan and other long term employee benefit plan and the present value of the gratuity obligation and other long term employee benefit are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the employee benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 37.



**SE Forge Limited**

**Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

**37 Gratuity and other post employment benefit plans**

The Company has a defined benefit gratuity plan ('Defined Benefit'). Every employee, who has completed five years or more of service, is eligible for gratuity. Gratuity is computed based on 15 days salary (last drawn salary) for each completed year of service. The scheme is partially funded with an insurance company in the form of a qualifying insurance policy.

	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Principal assumptions used in determining the gratuity obligations for the Company's plans:</b>		
Discounting rate	6.80%	6.40%
Salary escalation rate	8.00%	3 % for first year, thereafter 8%
Attrition rate	21.50% at younger ages and reducing to 6.80% at older ages according to graduated scale	13.20% at younger ages and reducing to 7.40% at older ages according to graduated scale
Retirement age	65 years if joined on or before January 31, 2010. 60 years if joined after January 31, 2010	65 years if joined on or before January 31, 2010. 60 years if joined after January 31, 2010

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the partially funded status and amounts recognised in the balance sheet for gratuity plan:

	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Net employee benefit expense recognised in statement of profit and loss</b>		
Current service cost	0.50	0.46
Interest cost on benefit obligation	0.24	0.23
Expected return on plan assets	(0.18)	(0.17)
Actuarial loss/(gain) recognized in the year	-	-
Past service cost	-	-
Other items	-	-
<b>Net benefit expense (refer note 29) *</b>	<b>0.56</b>	<b>0.52</b>

\* This amount includes ex-gratia of Rs. 0.29 crores (March 31, 2021: Rs.0.54 Crores) paid directly by the Company.





SE Forge Limited  
Notes to Financial Statements for the year ended March 31, 2022  
(All amounts in crores unless otherwise stated)

Remeasurement gain/losses in other comprehensive income		
Remeasurement for the year- Obligation - (gains)/losses	0.00	(0.07)
Remeasurement for the year- plan assets - (gains)/losses	-	0.00
<b>Net recognition in other comprehensive income</b>	<b>0.00</b>	<b>(0.07)</b>

	As at March 31, 2022	As at March 31, 2021
<b>Details of defined benefit gratuity plan</b>		
Defined benefit obligation (A)	4.07	3.62
Fair value of plan assets (B)	3.02	2.73
Present value of un-funded obligations (C= A-B)	1.05	0.89
Less: unrecognised past service cost (D)	-	-
<b>Plan liability / (asset) (A-B)</b>	<b>1.05</b>	<b>0.89</b>

	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	3.62	3.54
Interest cost	0.24	0.23
Current service cost	0.50	0.46
Benefits paid	(0.29)	(0.54)
Actuarial (gains)/losses on obligation	0.00	(0.07)
<b>Closing defined benefit obligation</b>	<b>4.07</b>	<b>3.62</b>

<b>Changes in the fair value of plan assets are as follows:</b>		
Opening fair value of plan assets	2.73	2.55
Expected return on plan assets	0.18	0.17
Actuarial gain/ (loss)	0.01	0.01
Employer's Contribution	0.10	-
Benefits paid	-	-
<b>Closing fair value of plan assets</b>	<b>3.02</b>	<b>2.73</b>

<b>The major category of plan assets as a percentage of fair value of total plan assets are as follows:</b>		
Investment with insurer	100%	100%

Details of composition of plan assets are not readily available from the insurance company.

<b>A quantitative sensitivity analysis for significant assumptions increase/decrease by 100 basis point as at March 31, 2022 is as below</b>		
<b>Defined Benefit obligation</b>	<b>4.07</b>	<b>3.62</b>
<b>Discount Rate</b>		
8.7% (31 March 2021: 9.8 %)	4.42	3.98
7.5% (31 March 2021: 8.4 %)	3.76	3.32
<b>Salary increment rate</b>		
7.5% (31 March 2021: 8.4 %)	3.76	3.32
8.5% (31 March 2021: 9.6 %)	4.41	3.98
<b>Withdrawal rate</b>		
Decrease by 50% of withdrawal rate	4.23	3.88
Increase by 50% of withdrawal rate	3.97	3.47

The expected contribution to defined benefit plan ( based on discounted cash flows using mortality, withdrawal and interest rate)for next year is Rs. 1.50 crores.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8 years.





**SE Forge Limited**  
**Notes to Financial Statements for the year ended March 31, 2022**  
(All amounts in crores unless otherwise stated)

**Funding arrangements and funding policy:**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**Expected cash flows over the next (valued on undiscounted basis):**

1 year	0.70
2 to 5 years	1.33
6 to 10 years	1.59
More than 10 years	4.46

**Asset Liability Matching Strategies**

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

Other long term employment benefits includes compensated absences and long term retention bonus for which provisions are made based on actuarial valuation.

**38 Defined Contribution plan**

Amount recognised as an expense in the statement of profit and loss in respect of defined contribution plan (provident fund) is Rs.1.22 crores (Year ended March 31, 2021: Rs. 1.37 crores)

**39 Commitments and contingencies**

**A. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for :

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	4.51	3.62

**B. Contingent Liabilities**

	As at March 31, 2022	As at March 31, 2021
Claims against the company not acknowledge as debt *	0.83	-
Amount in respect of MSMED	1.38	0.92

Company has faced the revision VAT assessment for the financial year 2011-12. In this assessment a dispute has arisen of charging the Value Added Tax (VAT) and Central Sales Tax (CST) on the customs duty portion which is borne by the customers, in a SEZ sales transaction. Company has filed an appeal against the same at Hon'ble Gujarat Tribunal. Hon'ble Gujarat Tribunal has granted stay the same till matter is decided in finality.

Welmech Engineering Company Private Limited (Welmech) has filed a winding up petition at National Company Law Tribunal (NCLT), Ahmedabad for initiation of corporate insolvency process claiming an amount of Rs. 2.14 crores towards supplies and interest of Rs. 2.70 crores for a period of 7 years. The Company has responded to the petition denying the claim and that the said amount was under dispute. The case is withdrawn by Welmech in NCLT in January 2021 and there is no contingent liability towards this as on March 31, 2022.



**SE Forge Limited**

**Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

**40 Related party disclosures and transactions as per Ind - AS 24**

Holding Company: Suzlon Energy Limited

**Other related parties with whom transactions have taken place during the year:**

Fellow Subsidiary: Suzlon Global Services Limited  
Post Employment Benefit Plan: SE Forge Limited Employee's Group Gratuity Scheme

**Entities where Key Management Personnel has interest :**

AspenPark Infra Vadodara Private Limited  
AspenPark Infra Coimbatore Private Limited upto October 14th, 2020.  
SE Freight and Logistics India Private Limited

**Key Management Personnel:**

Non Executive Director/Chairman:	Mr Vinod R. Tanti
Chief Mentoring Officer:	Mr Girish R. Tanti upto 1st September, 2020
Chief Executive Officer:	Mr. Sunil J. Gupta
Dy. Chief Financial Officer:	Mr. Jayesh Gandhi
Director:	Ms Nidhi Tanti upto 26th July, 2020
Independent Director:	Mr. Vaidhyanathan Raghuraman
Independent Director:	Mr. Per Hornung Pedersen
Independent Director:	Mrs. Seemantinee Khot from 1st August, 2020
Nominee Director (SBI):	Mr. Rakesh Sharma
Company Secretary:	Mr. Akshay Kulkarni



**SE Forge Limited**  
**Notes to Financial Statements for the year ended March 31, 2022**  
(All amounts in crores unless otherwise stated)

**B. Related party transactions and balances**

	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>Suzlon Energy Limited - Holding Company</b>		
Sale of goods	76.95	19.85
Purchase of goods	0.65	0.32
Interest expense	1.90	1.83
Bank guarantee expenses	0.42	0.43
Loan taken	1.90	1.83
Loan balance	23.02	21.12
Amount owed by related party	24.72	4.85
Amount owed to related party	56.71	57.86
<b>Transaction and balance with Entities where Key Management Personnel has interest :</b>		
<b>AspenPark Infra Vadodara Private Limited</b>		
Facility management charges and other services	1.87	1.76
Reimbursement of expenses	7.18	11.37
Amount owed to related party	0.55	0.78
Amount owed as a security deposit	0.61	0.61
<b>AspenPark Infra Coimbatore Private Limited</b>		
Facility management charges and other services	-	1.91
Reimbursement of expenses	-	9.79
Amount owed to related party	-	-
Amount owed as a security deposit	-	-
<b>SE Freight and Logistics India Private Limited</b>		
Purchase of services	0.18	-
Amount owed to related party	0.26	0.09
<b>Suzlon Global Services Limited</b>		
Sale of goods and services	0.04	0.03
Amount owed by related party	0.04	-
<b>SE Forge Limited Employee's Group Gratuity Scheme</b>		
Contribution to fund	0.10	-



**SE Forge Limited**

**Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

	As at March 31, 2022	As at March 31, 2021
<b>Remuneration to Key Managerial Personnel</b>		
Mr. Girish R. Tanti - CMO	-	0.50
Mr. Sunil J. Gupta - CEO	1.28	0.96
Mr. TPA Narayanan - CFO upto November 4th, 2019	-	-
Mr. Jayesh Gandhi - Deputy CFO	0.35	0.26
Mr. Akshay Kulkarni - Company Secretary	0.03	0.03
<b>Sitting fees</b>		
Mrs. Pratima Ram - Nominee Director (SBI)	-	-
Mr. Vaidhyanathan Raghuraman	0.01	0.01
Mr. Per Hornung Pedersen	0.01	0.01
Ms. Nidhi T. Tanti	-	-
Ms. Seemantinee Ghosh	0.00	0.00
Mr. Rakesh Sharma	0.00	0.00

**Terms and conditions of transactions with related parties:**

- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- The Company has availed a long term loan from Landes Bank amounting of Rs. 33.40 crores (March 31, 2021 : Rs. 42.01 crores) for which a corporate guarantee has been given by the holding company.
- The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the Company as a whole.
- The company's financial facilities from all lenders and fund based working capital facilities and non fund based working capital facilities are secured by personal guarantee of Mr. Tulsi R. Tanti and Mr. Vinod Tanti.

**41 Fair value measurements**

The fair value of the financial assets and liabilities are considered to be same as their carrying values. Accordingly the Company has not disclosed fair value hierarchy.

**42 Financial instrument and risk review**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**a. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises only of foreign currency risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency.



SE Forge Limited

Notes to Financial Statements for the year ended March 31, 2022

(All amounts in crores unless otherwise stated)

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

	USD Exposure (Amount in INR)	EUR Exposure (Amount in INR)
<b>As at March 31, 2022</b>		
<b>Financial assets</b>		
Trade receivable	24.33	1.06
Bank Balances	-	-
	24.33	1.06
<b>Financial liabilities</b>		
Borrowings	-	33.40
Trade payables	0.36	11.09
	0.36	44.49
<b>As at March 31, 2021</b>		
<b>Financial assets</b>		
Trade receivable	33.35	5.39
Bank Balances	-	-
	33.35	5.39
<b>Financial liabilities</b>		
Borrowings	-	42.01
Trade payables	6.22	6.81
	6.22	48.82

**b. Foreign currency sensitivity**

The Company's currency exposures in respect of monetary items at March 31, 2022 and March 31, 2021 that result in net currency gains and losses in the income statement and equity arise principally from movement in US Dollar and EURO exchange rates.

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

	% Change in currency rate	Effect on profit before tax
<b>As at March 31, 2022</b>		
US Dollar	1%	0.24
US Dollar	-1%	(0.24)
EURO	1%	(0.43)
EURO	-1%	0.43
<b>As at March 31, 2021</b>		
US Dollar	1%	0.27
US Dollar	-1%	(0.27)
US Dollar	1%	(0.43)
EURO	-1%	0.43
EURO		

**c. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, foreign exchange transactions. Credit risk is managed on Company basis. The Company consistently monitors the financial health of its customers and sales proceeds are being realized as per the milestone payment terms agreed to minimize the loss due to defaults or insolvency of the customer. Progressive liquidity management is being followed to de-risk the Company from any non-fulfilment of its liabilities.

**Trade receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major clients.





**SE Forge Limited**  
**Notes to Financial Statements for the year ended March 31, 2022**  
(All amounts in crores unless otherwise stated)

**d. Liquidity risk**

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**e. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loan taken by company from Landes Bank may be affected due to changes in EURIBOR rate.

The table below summarises the contractual maturity profile of the Company's financial liabilities based on contractual undiscounted payment:

	Borrowings including other financial liabilities	Trade payables
<b>Year ended March 31, 2022</b>		
On Demand	23.02	20.32
Upto One year	133.97	73.21
1 - 5 years	21.65	-
> five years	0.00	-
<b>Total</b>	<b>178.64</b>	<b>93.53</b>
<b>Year ended March 31, 2021</b>		
On Demand	21.12	6.59
Upto One year	110.99	80.41
1 - 5 years	125.68	-
> five years	-	-
<b>Total</b>	<b>257.79</b>	<b>87.00</b>

**43 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

	As at March 31, 2022	As at March 31, 2021
Borrowings (note 17)	21.65	125.68
Borrowings current (note 19)	153.06	127.35
Trade Payables ( Note 22)	93.53	87.00
Other Payables (Note 23 & 24)	4.58	5.32
Less: Cash and Cash Equivalent (Note 9)	(0.00)	(0.01)
<b>Net Debt</b>	<b>272.82</b>	<b>345.34</b>
Equity Capital	784.92	784.92
Reserves & Surplus	(570.07)	(580.20)
<b>Net worth</b>	<b>214.85</b>	<b>204.72</b>
<b>Gearing ratio (times)</b>	<b>1.27</b>	<b>1.69</b>



## SE Forge Limited

(All amounts in crores unless otherwise stated)

#### 44 Segment reporting

Based on the "managing"

geographic segments

also amounts allocated

### Operating segments

of balance assets, lia

### A. Primary business segment

	Year Ended March 31, 2022			Year Ended March 31, 2021		
	Foundry	Forging	Total	Foundry	Forging	Total
Segment revenue						
External sales	317.96	158.75	476.71	199.30	135.01	334.31
Inter segment sales	-	-	-	-	-	-
Total segment revenue	317.96	158.75	476.71	199.30	135.01	334.31
Less : Identifiable operating expenses	293.69	152.30	445.99	189.44	130.85	320.29
Operating profit	24.27	6.45	30.72	9.86	4.16	14.02
Add : Identifiable other Income	2.55	1.83	4.38	0.56	0.15	0.71
Identifiable Segment result	26.82	8.28	35.10	10.42	4.31	14.73
Add / less: items to reconcile with profit as per statement of profit and loss						
Add : other income	-	-	0.48	-	-	0.35
Add : finance income	-	-	-	-	-	-
Less : finance charges	-	-	25.88	-	-	33.94
Profit/(loss) before tax	-	-	9.70	-	-	(18.86)
Provision for current tax	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
Profit/(loss) after tax	-	-	9.70	-	-	(18.86)
Segment assets	331.09	209.67	540.76	359.67	245.35	605.02
Common assets	-	-	11.47	-	-	9.29
Total assets			552.23			614.31
Segment liabilities	140.35	22.06	162.41	127.97	27.84	155.81
Common liabilities	-	-	174.97	-	-	253.78
Total liabilities			337.38			409.59
Capital expenditure (during the year)	0.68	(1.57)	(0.89)	1.61	2.06	3.67
Depreciation and amortisation expenses charged to the statement of profit and loss	29.76	16.23	45.99	29.77	16.59	46.36
Impairment of financial assets	-	-	-	-	-	-



SE Forge Limited  
Notes to Financial Statements for the year ended March 31, 2022  
(All amounts in crores unless otherwise stated)  
B. Geographical segments (revenue basis)

Segment revenue	Foundry	Forging	As at March 31, 2022	Foundry	Forging	As at March 31, 2021
India	261.13	130.44	391.57	104.82	87.00	191.82
China	-	-	-	-	2.35	2.35
Europe	-	1.07	1.07	-	4.15	4.15
USA	56.83	27.24	84.07	94.48	41.51	135.99
Australia	-	-	-	-	-	-
<b>Total</b>	<b>317.96</b>	<b>158.75</b>	<b>476.71</b>	<b>199.30</b>	<b>135.01</b>	<b>334.31</b>

Segment assets*	Foundry	Forging	As at March 31, 2022	Foundry	Forging	As at March 31, 2021
India	26.96	19.99	526.83	26.73	7.31	575.57
China	-	-	-	-	5.39	5.39
Europe	-	1.06	1.06	-	1.84	33.35
USA	24.33	-	24.33	31.51	-	-
<b>Total</b>	<b>51.29</b>	<b>21.05</b>	<b>552.22</b>	<b>58.24</b>	<b>14.54</b>	<b>614.31</b>

\* Segment assets on geographical area basis is monitored only for debtors with functional business segment

45 Analytical Ratios :

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance
Current ratio	Current assets	Current liabilities	0.59	0.75	-21.07%
Debt-Equity ratio *	Total Debt	Shareholders' equity	0.58	0.92	-36.52%
Debt service coverage ratio	EBITDA	Debt Service	1.03	1.10	-6.16%
Return on equity ratio	Net Earnings after tax	Average Shareholders' Equity	4.63%	-8.82%	13.45%
Inventory turnover ratio **	COGS	Average Inventory	5.29	2.75	92.33%
Trade receivables turnover ratio **	Revenue From Operations	Average Trade Receivables	6.57	4.87	35.01%
Trade payables turnover ratio **	COGS	Average Trade Payable	2.83	1.65	72.13%
Net capital turnover ratio **	Revenue From Operations	Shareholder's Equity	2.22	1.63	35.87%
Net profit ratio	Net profit	Revenue From Operations	2.04%	-5.64%	7.68%
Return on capital employed	EBIT	(Total Assets-Current Liabilities) i.e. capital employed	12.52%	3.99%	8.53%
Return on investment	Net Profit after tax	Cost of the investment	4.52%	-9.21%	13.73%

\* Net Earnings growth along with repayment of long term debts has resulted in an improvement in the ratio.

\*\* Revenue growth along with higher efficiency on working capital improvement has resulted in an improvement in the ratio.



SE Forge Limited  
Notes to Financial Statements for the year ended March 31, 2022  
(All amounts in crores unless otherwise stated)

46 Details of dues to micro and small enterprises as defined under The MSMED Act, 2006

	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year		
Principal amount due to micro and small enterprises	14.91	10.93
Interest due on above	0.13	0.12
	15.04	11.05
(i) The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006 along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	1.25	0.80
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of the MSMED Act 2006	1.38	0.92

\* Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development, 2006, for the year is Rs 1.38 crores (March 31, 2021 Rs.0.92 crores).

47 In 2012-13 workers had resorted to an illegal strike and did not report for work. These workers were suspended by the company. Workers also filed a case in Labour court and subsequently a Memorandum of Understanding (MoU) was signed on August 13, 2012 and October 04, 2012, where in all issues were discussed and agreed to between the Trade Union representing the workers and the Management of SE Forge. Subsequently, the workers filed a case with Industrial Tribunal Chennai when the MoU could not be implemented and various conciliation efforts failed. The Union had filed a claim settlement in February 2016 and management had filed a counter statement in April 2016. The company has offered settlement of dues to workers at the rate of Rs. 1,40,000/- per worker and Rs. 25,000/- per trainee amounting to Rs.1.55 crores for this matter which is in dispute. During January, 2019, company has taken 62 workers on duty and Management is of the opinion that no dues for past are payable to these workers including any retirement benefits.

48 Net Foreign Earnings :

As per the requirements of rule 53 of Special Economic Zones Rules, 2006 (SEZ Rules), units set up in Special Economic Zones (SEZ), need to achieve cumulative positive Net Foreign Exchange (NFE) by the end of five years from the date of commencement of business. Rule 54 of SEZ Rules states that if Net Foreign Exchange is not achieved by the due date, then the unit shall be liable to pay one per cent of short fall in free on board value.

The forging unit of the Company located at Vadodara commenced its business in September 2008 and foundry unit located at Coimbatore commenced operations in January 2009. So far both units has completed ten years of operation in SEZ and has got a further extension upto September 23, 2023 for Forging unit and upto February 01, 2024 for Foundry unit.

Post completion of the extension period, if the company is unable to achieve positive Net Foreign Exchange, the company shall re-apply for extension of time limits to respective SEZ Authorities. The company is confident of receiving further extension.





**SE Forge Limited**

**Notes to Financial Statements for the year ended March 31, 2022**

(All amounts in crores unless otherwise stated)

**49 Corporate social responsibility :**

- a. Gross amount required to be spent by the Company Rs. Nil during the year (since the average net profit for last three financial years (preceding the financial year under review) is negative.)
- b. Amount spent during the year Rs. Nil

**50 Going Concern :**

During the year, Revenue from the operations have increased by Rs. 142 Cr, Profit for the year increased by Rs. 29 Cr, and net-worth of the Company as at 31 March 2022 also improved to Rs. 215 Cr. However, current liabilities as at 31 March 2022 exceeds the current assets by Rs 109 Cr. The Management has plans to meet the financial and operational obligations in the foreseeable future through various options including execution of the pipeline of orders in hand, future business plans, realisation of trade receivables and financial assets, fresh credit facilities sanctioned by the lenders. Having regard to the above, the financial statements for the year ended March 31, 2022 have been prepared on a going concern basis.

**51 Other Disclosures**

- a. No funds have been advanced or loaned or invested (either from share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities in the capacity of a Funding Party.
- b. No funds have been received by the Company from any person(s) or entity(ies), including foreign entities for onward lending or investing.
- c. The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.


**52** Since all figures are rounded off Rupees in crores with two decimal, some amounts less than one lakh rupees are appearing as zero in the financial statements.

**53** The financial statements have been prepared in accordance with the amended schedule III and accordingly previous year's number have been regrouped / reclassified ( as necessary) and incremental disclosures have been made to compare with current year.

For and on behalf of Board of Directors of  
SE Forge Limited

  
Vinod R. Tanti  
Chairman  
DIN - 00002266  
Place: Pune  
Date: May 24, 2022

  
Sunil Gupta  
Chief Executive Officer  
Place: Pune  
Date: May 24, 2022

  
Jayesh I. Gandhi  
Dy. Chief Financial Officer  
Mem No. 104802  
Place: Pune  
Date: May 24, 2022

  
Akshay R. Kulkarni  
Company Secretary  
Mem No. A50113  
Place: Pune  
Date: May 24, 2022

